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Legal Defense Fund Being Raised to Aid Prosecuted Agents

By Kathy Sawyer
Washington Post Staff Writer

James Angleton, the former counterintelligence chief of the CIA, and other cold warriors are raising a legal defense fund for any intelligence community personnel who are investigated or prosecuted for alleged illegal activities in the line of duty.

Angleton was forced to resign his post in December, 1974, in the wake of revelations of illegal domestic spying by the CIA, some of it under his direction. Angleton contends that such activities, whether by the FBI or the CIA, were ordered by top U.S. officials and justified by national security considerations.

"We're not trying to pre-judge any cases," he said of the direct mail defense fund solicitation.

Angleton talked with reporters yesterday at a luncheon meeting of the American Security Council, a defense-oriented, anti-Communist organization. Many of its members are former high-ranking U.S. military officials.

The other organizers of the defense fund, former Ambassador to Vietnam Elbridge Durbrow and retired Air Force Brig. Gen. Robert C. Richardson III, also are members of the ASC.

Angleton cited statements by Attorney General Griffin B. Bell before a Senate subcommittee last month that the government ought to, but will not, pay the legal fees of FBI agents indicted for break-ins, wiretaps, mail opening or other illegal activities.

In a prosecution authorized by Bell, one former FBI supervisor in the New York City field office was indicted recently in connection with surveillance activities in the early 1970s against the Weathermen, an underground terrorist organization. Similar indictments against other former FBI agents are expected. The Justice Department has decided against prosecuting Central Intelligence Agency officers involved in illegal mail opening.

Rep. Eldon Rudd (R-Ariz.), who was for 20 years an FBI agent, argued that Justice Department prosecution of FBI personnel is unfair and that the country's intelligence agencies are hampered in in their efforts against the Soviets by the resulting poor morale.

That Contr

By JOHN PIERSON

WASHINGTON Employment tax credits are the newest old idea in Jimmy Carter's program for stimulating the economy.

They're also turning out to be the most controversial.

Neither liberals nor conservatives are happy with the President's proposed $50-per-person rebate on 1976 income taxes. But Congress probably hasn't the nerve to reject the only part of the Carter stimulus package that promises a direct benefit to almost everyone.

Thus the winds of controversy are blowing mainly around the employment tax credit idea. The argument is over whether to provide business with a tax break for everyone on the payroll—as Mr. Carter wants—or just for newly hired workers. And if it's just for new workers, should the program be further focused on blacks, young people and other "hard core" unemployed?

With the aim of promoting more hiring, President Carter wants to give businesses an income tax credit equal to 4% of the contributions they make to the Social Security trust funds on behalf of their employes. If a company didn't like that, it could choose a different tax break: a credit equal to 12% of its outlays for new machinery and equipment, two percentage points more than the usual 10% investment tax credit. The two tax breaks would lower taxes paid by business about $20 billion a year.

The optional employment tax credit is being hailed as the only thing new in the $31 billion Carter package. Everything else—the higher investment tax credit, the rebate, a more generous standard deduction for individuals, and more spending on federal jobs programs—has been tried before. Experts have debated the relative merits of these economic stimulants and will continue to do so.

Employment Tax Credit's Appeal

But employment tax credits have generated far less discussion, because they've never been tried before, at least not on the scale Mr. Carter is talking about. In Great Britain, employment tax credits are directed at particular industries or regions deemed to be in need of help.

In the U.S. businessmen can get a credit against their income taxes equal to 20% of the wages they pay when they hire mothers who are on the welfare rolls. But this Work Incentive program is so clogged with administrative red tape that fewer than 20,000 jobs were created last year. Besides, many businessmen are reluctant to hire welfare mothers, no matter what the subsidy.

Up until now the debate over employment tax credits has been conducted mainly among academic economists, beginning with Nicholas Kaldor, who in 1936, proposed "wage subsidies" as a partial remedy for unemployment growing out of the Great Depression.

The basic idea behind an employment tax credit isn't hard to grasp: reduce the cost of labor to business firms and they'll use more labor. Some economists see this as a less inflationary way of stimulating

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